



20 April 2018

Companies Announcement Office
Via Electronic Lodgement

2 YEAR EXTENSION OF CONVERTIBLE LOAN FACILITY

Highlights

- Major shareholders Resource Capital Fund VI L.P. and Pala Investments Ltd extend the maturity date on the existing convertible loan facility by 2 years to 22 April 2020
- Convertible loan facility reduced from US\$20m to US\$17m
- Conversion Price is A\$0.40 per share, interest is 10% for the first 12-month period and 12% thereafter and 22.5m options issued at A\$0.50 exercise price
- Extension Fee of 2% of reduced principal amount
- Extended maturity provides balance sheet certainty and supports timing of planned ramp up of low pH operations at Lance Projects.

Summary

Peninsula Energy Limited (**Peninsula, the Company**) is pleased to announce that it has entered into binding offer letters with major shareholders Resource Capital Fund VI L.P. (**RCF VI**) and Pala Investments Ltd (**Pala**) to extend the maturity date of the existing convertible note facility by 2 years to 22 April 2020 (**Convertible Note Facility**). The Convertible Note Facility will also be reduced from US\$20 million to US\$17 million following a cash repayment by Peninsula of US\$3 million. The new maturity date removes existing balance sheet pressure and aligns well with the timing of the projected ramp up of low pH operations at the Lance Projects in Wyoming, USA (**Lance Projects**).

The Company continues to progress all required technical, feasibility and licensing activities to facilitate the transition of the Lance Projects from an alkaline leach to low pH operation, including the recent submission of the low pH Permit to Mine amendment request to the Wyoming Department of Environmental Quality. A successful transition to low pH operations could align the operating performance and cost profile of the Lance Projects with current industry leading global uranium production projects. Of the 77 million pounds of uranium produced by ISR methods worldwide in 2015, ninety-six percent (96%) or 74 million pounds came from facilities using low pH lixiviants.

Peninsula's Managing Director/CEO Wayne Heili commented; *"Peninsula is pleased to have secured this extension to the convertible loan facility with two of our major shareholders. The two-year extension will allow Peninsula to achieve a number of important project milestones well before the new maturity date. This will greatly assist the Company on its path to transition to low pH operations which are expected to significantly lower operating costs and are intended to align Lance with leading global uranium production projects."*

Peninsula would like to acknowledge and thank RCF VI and Pala for their continued support of the Company through this loan restructure.

Convertible Loan Facility

Peninsula has entered into binding offer letters with major shareholders RCF VI and Pala to extend the maturity date of the existing Convertible Note Facility by 2 years to 22 April 2020, and to decrease the total Convertible Note Facility from US\$20 million to US\$17 million, following a cash repayment by Peninsula of US\$3 million. Unrestricted cash at 31 March 2018 was US\$22.3 million and the cash position of the Company remains very healthy following the debt reduction payment.

Under the terms of the existing convertible loan agreements, RCF VI and Pala (**Lenders**) have each provided Peninsula with a convertible loan facility. Following the repayment of US\$3 million, the US\$17 million total loan amount will comprise a US\$10.91 million convertible loan provided by RCF VI and a US\$6.09 million convertible loan provided by Pala (**Convertible Loans**).

As part of the amendments to the Convertible Loan Facility, the parties have also agreed to the following changes to the key terms for the Convertible Loans:

- The Lenders may elect to convert all or part of the principal amount of the Convertible Loans (including any capitalised interest) into fully paid ordinary shares at any time prior to maturity at a fixed conversion price of A\$0.40 per share, which represents a 48.6% premium to the 5-day volume weighted average price of the Company's shares prior to the date of this announcement;
- The Convertible Loans bear interest at the rate of 10% per annum for the first twelve-month period up until 22 April 2019 and then 12% thereafter, payable quarterly in arrears in cash or shares at the Company's election for the first twelve months and at the Lenders' election thereafter. If interest is paid in shares, the share price to determine the number of shares issued will be the lower of A\$0.40 per share or the 20-day volume weighted average price (**VWAP**) of the Company's shares prior to the quarterly coupon dates. Previously all interest was payable in cash or shares at the Lender's election;
- An extension fee of 2% of the amount available under the Convertible Loans is also payable in cash or in fully paid ordinary shares (at the Lender's election) using a conversion price of the lower of A\$0.40 per share or the 5-day VWAP of the Company's shares prior to the date of completion of regulatory and shareholder approvals; and
- 22.5m unlisted options exercisable at A\$0.50 on or before 22 April 2022 will be issued to the Lenders in proportion to the respective principal amounts of the Convertible Loans.

All other terms of the Convertible Loan Facility will remain the same as those currently in place, including that the Convertible Loans will remain secured by a charge over certain assets of the Company. The Company will be seeking shareholder approval in respect of the security to the Lenders and also the issue of shares on conversion under the revised terms of the Convertible Loans (including in respect of interest and fee payments), issue of options (and shares on exercise of options) in accordance with the Corporations Act and applicable Listing Rules as soon as practicable. Peninsula will also be submitting a request to the ASX to waive the requirements of ASX Listing Rule 10.1 as they pertain to the grant of an interest in assets of the Company to a related party and substantial shareholder, until shareholder approval is obtained. Given the time required to obtain the necessary regulatory and shareholder approvals, the Lenders have agreed to an interim extension of the maturity date of the existing Convertible Loans to 31 August 2018.

The effectiveness of the changes to the Convertible Loan Facility remain subject to finalising and entering into the relevant documentation to amend the existing convertible loan agreements, and approval by shareholders of Peninsula of the revised terms at an extraordinary general meeting.

The changes to the Convertible Note Facility will be reflected in an Independent Expert's Report and Notice of Meeting that will be submitted to the regulators for review prior to their despatch to shareholders for the extraordinary general meeting to be held as soon as possible.

Trading Halt

This is the announcement that was referred to in the Company's request for a trading halt on 20 April 2018

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Wayne Heili', with a stylized flourish at the end.

Wayne Heili
Managing Director/CEO
Peninsula Energy Limited

For further information, please contact our office on +61 (0)8 9380 9920 during normal business hours.